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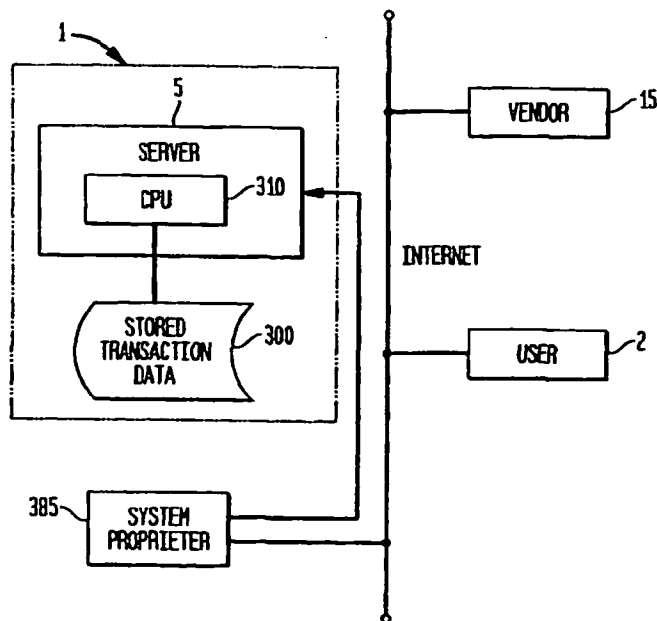
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(54) Title: SYSTEMS AND METHODS FOR ENHANCED MANAGEMENT OF HOME EQUITY-BACKED CREDIT



(57) Abstract: A data processing system for managing plural accounts providing home equity based credit to participants. The system includes an Internet based communication platform for facilitated account creation and transaction tracking. The credit mechanism permits low cost financing using tax advantaged capital for account support.

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## **SYSTEMS AND METHODS FOR ENHANCED MANAGEMENT OF HOME EQUITY-BACKED CREDIT**

### **Field of the Invention**

The present invention generally relates to a data processing system interconnected to a wide area network, such as the Internet, for providing home equity based financing. More particularly, the present invention relates to a data processing apparatus and method for managing an account program for controlling and supporting home equity based funding for purchases. Further, the present invention relates to the use of on-line web based communication to enhance account creation and management.

### **BACKGROUND OF THE INVENTION**

There have been two recent and somewhat related developments in the field of consumer credit machinery. The first involves the rapidly changing tax codes in the U.S. and the subsequent removal of preferential tax treatment to conventional consumer debt. This has had the effect of increasing the cost of funds for consumer purchasing.

The second development is in the field of equity financing. The home equity owned by many individuals remains a largely untapped reservoir of capital. There exists a difficulty in accessing the equity value in the home in a convenient and cost effective manner.

### **THE CREDIT INDUSTRY**

The credit card industry is large and continues to grow. According to The Nilson report, the amount of debt owed by U.S. consumers on their Visa and MasterCard credit cards totaled \$404 billion as of December 31, 1998. According to The Nilson Report, the total charges by U.S. consumers on Visa and

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MasterCard credit cards were \$750 billion in 1998 and are expected to increase to \$929 billion by the year 2000. The projected growth of the credit card industry is increasingly driven in part by the shift from more traditional forms of consumer credit (e.g., consumer installment lending) to credit cards, the shift from paper-based payments (e.g., cash and personal checks) to credit card and other electronic forms of payment, and growth in Internet commerce, where credit cards are currently the primary form of consumer payment.

While the credit card market is very large, it is also highly fragmented. According to the Nilson Report, there are more than 6,600 financial institutions in the United States that are issuers of credit cards. Of the total Visa and MasterCard balances outstanding, no credit card issuer has more than 17%, and only five have more than 5% of this market. This market fragmentation is largely the result of the use of the Visa brand, recognized as one of the more powerful brands in the world and generally available to any insured depository institution. Consumers traditionally have focused more on the credit card brand (e.g., Visa, MasterCard and Discover) than on the issuing bank when choosing a credit card.

Certain credit card companies have achieved success through marketing strategies utilizing the direct mail and telemarketing channels. However, these traditional channels are becoming less effective. In particular, the direct mail channel has become saturated. According to BAIGlobal's Mail Monitor, the number of credit card offers communicated through the mail exceeded 3.4 billion in 1998. Credit card issuers must also wait several weeks or months to determine the response rate to their offers. This slows the company's ability to make competitive offers based on marketplace feedback. Further, telemarketing is often perceived as intrusive and untrustworthy. As a result, the use of marketing strategies on the Internet offers significant advantages over traditional marketing approaches.

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Moreover, the need for new lines of credit is apparent from the substantial interest fees paid by consumers for credit cards. These fees often exceed 20% on an annualized basis and have limited credit and no tax advantages. Efforts have been made to access traditionally inaccessible lines of credit as a means to reduce consumer credit costs. This includes the approach adopted in U.S. Pat. No. 4,718,009 to Cuervo, titled "DEFAULT PROOF CREDIT CARD METHOD SYSTEM", which is hereby incorporated by reference as if restated herein in its entirety. In that particular embodiment, the system applies credit using the cash value associated with a life insurance policy as collateral to support periodic credit needs of the policy holder. Although the system permits a flexible line of credit, the act of borrowing still is carried on in a conventional sense with a bank or institution, and the underlying resource is poorly utilized, hence limiting the available savings to the consumer. See also U.S. Patent No. 5,206,803 to Vitagliano et al. discussing the use of a 401 (k) backed credit system.

#### THE HOME MORTGAGE INDUSTRY

Over the past two decades, the mortgage industry has evolved dramatically. The Mortgage Bankers Association estimates the United States mortgage market to total over \$4.3 trillion in terms of loans outstanding and projects mortgage origination to be \$1.2 trillion in 1999. Until the late 1970s, the mortgage market was primarily a captive banking market where retail banks and savings and loan institutions originated loans through their branches, underwrote and closed loans internally, funded loans from their own customer deposits and then serviced the loans themselves. This internal chain of production was broken by the emergence of the pure mortgage bank that could buy mortgages from mortgage brokers and sell to government sponsored mortgage investors, such as Fannie Mae and Freddie Mac, and the development of a large, liquid secondary funding and trading market for mortgage debt. This efficient new market for mortgage

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funding made it viable for the first time to uncouple from the large retail banks both the front-end functions of mortgage origination and mortgage funding and the back-end function of servicing.

5 A significant transformation of the mortgage origination, banking and servicing businesses into specialized functions conducted primarily by independent companies has also occurred during the last two decades. This transformation has created both a large, concentrated and efficient secondary mortgage market and a large, fragmented and inefficient mortgage origination and banking market. According to the National Association of Mortgage Brokers  
10 there are over 20,000 mortgage brokerage operations in the United States. However, there is no multi-lender originator that operates nationally and enjoys a widely recognized consumer brand. In 1998, no mortgage originator had over 7% market share. While increased competition at all levels of the industry has resulted in tremendous innovation in the mortgage choices available to  
15 consumers, the level of complexity has increased.

In addition, Home Equity loans are traditionally provided by commercial banks only, but they are a mortgage product. According to the Mortgage Banking Association (MBA), the home equity loan market currently exceeds \$ 100 billion dollars. A prime advantage of the home equity loan is the tax deductibility of the  
20 interest accrued. This feature provides consumers the advantage of a resource pool of funds with a tax deductible interest payment. However, with time consuming, paper intensive application processes and cumbersome policies for accessing the credit line, consumers don't often use home equity lines for day to day transactions.

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## THE INTERNET

Due to the growth of electronic commerce on the Internet, the ability to target customers in general and collect valuable customer information that can be targeted for increase revenue sources has been significantly enhanced. The Internet is an increasingly significant medium for communication, information and commerce. International Data Corporation, commonly referred to as IDC, estimates that there were 142 million Internet users worldwide at the end of 1998 and anticipates that number will grow to approximately 502 million users by the end of 2003. In addition, IDC estimates that the worldwide consumer electronic commerce market is expected to grow from approximately \$15 billion in 1998 to approximately \$171 billion in 2003. That growth is being driven by a number of factors, including a growing base of PCs in the home and workplace, improvements in network security, infrastructure and bandwidth, faster and less expensive Internet access, increases in the quantity and quality of content available on the Internet, the overall increased public awareness of the Internet, and the convenience, timeliness and reduced costs of electronic commerce.

Over the last few years, consumers have significantly increased their usage of the Internet and expanded the categories of products and services they purchase over the Internet. Consumers increasingly are using the Internet to obtain information, make purchases and manage their personal finances. As a result, a new class of Internet-based companies has emerged to address these online opportunities. These companies are focusing on such areas as retail consumer goods and services, travel, health care and, increasingly, consumer financial products and services.

The present invention has been made with the realization that there has been a continued a need for a low cost line of secure credit that is advantageously established via a streamlined approval process, and unburdened with excessive administrative cost and fees.

## OBJECTS AND SUMMARY OF THE PRESENT INVENTION

It is therefore an object of the present invention to provide an Internet based system and operation that offers consumers equity-backed credit in the form of a credit card for easy, daily transactional use.

It is also an object of the present invention to provide a data processing system interconnected to a wide area network, such as the Internet, for assessing and tracking daily transactions of a credit account secured by a consumer's home equity value.

It is another object of the present invention to provide a data processing apparatus for managing a plurality of equity accounts, each account individually associated with a separate consumer equity plan.

It is a farther object of the present invention to provide a data processing method of establishing a line of home equity credit for a plurality of separate accounts and tracking account and equity events including home sales, consumer purchasers and the like.

The above and other objects of the present invention are realized in a data processing system interconnected to a wide area network, such as the Internet, that monitors a plurality of equity accounts, each associated with a consumer's equity plan. For each account, there is calculated an Available Equity Capital (AEC). The AEC is derived from the consumers credit history and the current appreciation of the home and mortgage payment history less the current mortgage value. The consumer's credit history and home equity value can be stored in a database or accessed in real time via the Internet. Applying the AEC derived from the equity value, funding criteria (FC) can be determined for each plan participant. This funding criteria is applied to support an equity backed credit card and consumer purchases made by the respective plan participant which are tracked and stored. Outstanding balances are thereafter charged an incremental

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interest rate. Computer processing is Internet based within a client server model. Periodic and stochastic events are captured and assessed by the system. Credit adjustments are made based on ensuing events as needed.

5 In accordance with the varying aspects of the present invention, the interest charged for the funding is secured by a mortgage note, thus offering a potential tax deductible form of transactional financing. The applicant's process applies enhanced web-based protocols, permitting rapid account creation, credit checks, equity calculations and the like. The web-based application and management process reduces overhead and enhances customer account performance.

10 One important feature of the present invention is the combination of the tax advantages of home equity backed credit and the user privileges of traditional credit cards with the real time tracking and accessing of information on the Internet. No other financial institution has combined the opportunities in the credit card business with the power of the home equity business.

15 The present invention provides on-line Internet financing which can be offered by a brand name such as Visa® or Mastercard®. An advantage of the present invention is the creation of a novel financial product in the credit card arena with an Internet focus. The financial product is a substantial variation of current equity loans offered by most banks and credit cards offered by issuers. 20 Unlike unsecured credit cards, the present invention provides a line of credit secured by the equity in a consumer's home.

The present invention integrates consumer credit card operations business with an Internet dynamic to establish sophisticated marketing directed at profitable customer segments.

25 The present invention provides for a higher response rate. The current credit card market is saturated with numerous lenders offering very similar products. The present invention creates a tax incentive that will draw more high qualified applicants, namely homeowners. These consumers will already have established credit histories and in most cases, positive net worth. With this type



of applicant and equity security, more applications will be approved and payment histories will be far better than traditional applicants.

In addition to attracting highly qualified candidates, the line of credit according to the present invention will be more secure due to the lien filed on the property. Since the line of credit is qualified as a second mortgage, rights in the equity in the property will accrue in the event of default. This will significantly reduce bad debts, and improve the success in collecting on these debts.

As a result, consumers will be less motivated to cancel an established line of credit, or transfer balances to other credit cards due to the tax advantages and increasing credit limit.

Moreover, participating consumers will have access to improved personal information. The structure of the present invention provides enhanced access to important and unique information which traditional credit card issuers do not have (i.e. current home mortgage information and home insurance information).

The foregoing advantages and features of the present invention may be more fully appreciated in the context of a specific illustrative embodiment as described herein in conjunction with the following drawings, the detailed description of the specific embodiments and the appended claims.

#### **BRIEF DESCRIPTION OF THE DRAWINGS**

In the drawings which illustrate the best mode presently contemplated for carrying out the present invention:

FIG. 1 A is an overview of the data processing system according to the present invention interconnected to the Internet;

FIG. 1B is a detailed view of the data processing system according to the present invention interconnected to the Internet;

FIG. 2 is a flow chart depicting a transactional information flow path associated with the present invention;

FIG. 3 is a logic flow chart depicting establishing and processing new applications in accordance with the present invention;

FIG. 4 depicts in block diagram format, the functional blocks associated with the system monitor of FIG. 1 during a transactional event occurrence;

5 FIG. 5 is a flow chart of the credit verification and approval process associated with the present invention; and

FIG. 6 is a logic flow chart depicting the process for producing insurance and mortgage refinancing quotes from the information flow of FIG. 1.

### 10 DETAILED DESCRIPTION OF THE SPECIFIC EMBODIMENTS

First, briefly in overview, the present invention provides a data processing system interconnected to a wide area network, such as the Internet, having a computer that is programmed to access and track traditional credit history and home equity value in order to establish funding criteria (FC) for participant use to support credit based transactions. The present invention includes a data  
15 processing system that is provided with programming to monitor a plurality of equity accounts, each associated with a consumer's equity plan. For each consumer's equity account, the system calculates an Available Equity Capital (AEC) derived from the consumers credit history and the current appreciation of the home and mortgage payment history less the current mortgage value. The  
20 system monitors, via the Internet, and determines funding criteria for each plan participant based on the AEC derived from the equity value. The funding criteria is applied to an equity card and is used to support the loans and consumer purchases made by the respective plan participants which are thereafter charged an incremental interest rate, based on a number of market factors.  
25

An important advantage of the system according to the present invention is that the interest charged for the financing is secured by a mortgage note and therefore creates a potential tax-deductible form of daily transactional financing. Accordingly, the system further comprises programming to track the tax

advantaged credit purchases and aggregate a value commensurate with tax deductible purchases via the system.

Turning now to FIG. 1A, a block diagram of the overall system, generally referred to by reference 1, interconnected to the Internet is provided. The system includes a server 5 controlled by a central processing unit (CPU) 3 10, having stored program commands and instructions governing its processing responsibilities. CPU310 is in communication with the memory of stored transaction data, 300, providing the storage for account balances, credit algorithms and plan instructions. In communication with the CPU 310, via the Internet, is USER 2 who can forward an on-line application via the Internet containing customer background information. Vendor 15 is also shown interconnected to the Internet and hence accessible by the system and the User independently. Block 385 shows a system proprietor such as Visa, also interconnected to the Internet. Further, the system proprietor 385 is interconnected with the system 1.

FIG. 1B shows a more detailed view of system 1 and the various entities interconnected to the Internet. Specifically, in communication with the CPU, via the Internet are various data base providers, blocks 385 and 390 providing channels to the credit information, block 30, and real-estate value analysis, block 20. On the input side, the CPU is in communication, via the Internet, with the USER or card holder 2, bank and system proprietors or credit card organizations, block 385, and vendors 15, the supplier of good and services establishments. Finally, the CPU has several report generating capabilities, including the output of periodic statements summarizing account status, available credit and ability to track growth in equity. In addition, select composite (profile) reports delineating account-spending patterns may be developed and accessed for resale to users providing important demographic information. All of this is presented via output, block 395.

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Referring now to FIG. 2, an information flow diagram is presented starting with the equity position, block 10. A series of equity position balances are established and updated on a periodic basis. In this regard, equity position, block 10, and the account balances associated therewith will receive adjustments pursuant to changes in appreciation in home value, block 120, and principal debt reduction, block 130. These accumulations to the equity position result in the available equity capital (AEC) for each account or equity position. The available equity capital is taken by the system monitor, block 40, using credit report history, block 30, and real-estate value analysis, block 20, and this determines funding criteria (FC) for each participant. The determination of the funding criteria will be based on a measured fractional value of the AEC sufficient to ensure repayment and to meet any legal limits for tax deductibility of the interest payments.

The FC is then supplied into the conventional credit information apparatus (Bank) or credit card organization, block 50, supporting the existing network of credit card and check writing processors. A line of credit (LOC) is established, a credit card is approved, block 60, and produced. The customer is then issued a mortgage note, block 70. The note is signed by the customer and sent to state and local governments for filing, block 80. The equity card, block 90, is issued to the consumer, block 110. These, in turn are linked with the services and goods supplying establishments, block 100, accepting the charges from the consumer.

Alternatively, if the consumer previously gave a mortgage the present invention can be tied to that current mortgage and the FC can be determined whereupon a LOC can be issued.

In operation, the system monitor, block 40, is linked via the Internet to the equity position, block 10, the credit reporting agencies (TRW, Equifax, Trans-Union), block 30, and the information from the real-estate value analysis. Only equity in the home is made accessible as part of the available equity capital, and this value is determined by the property value less any mortgage debt. This value

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will change over time based on the debt pay down of the outstanding mortgage and property appreciation.

The card holder is provided a credit card for use at consumer establishments, Block 100, in accordance with conventional bankcard and check writing arrangements. In this way, purchases are made with credit card or check with the ensuing purchase amount first sent to bank/credit card organization, block 50, to ensure that the amount is consistent with the available line of credit then pending. If so, the purchase is approved and the purchase price withdrawn from the available equity line of credit.

As expressed herein, information flows from the perimeter (single) lines, while cash flows are presented as (spaced) lines.

Referring now to FIG. 3, a logic flow chart is presented regarding the system's establishment and processing of new applications, as well as the updating of existing accounts. Logic conceptually begins at start, block 400, where a prospective customer originates an application. The information is transferred to the information server, block 410, where it is combined with outside credit information, block 420, and real-estate value analysis, block 420A. Block 420 consists of the credit information obtained from credit information suppliers like TRW, Equifax, and TransUnion. In addition, real-estate value analysis information will be electronically collected to confirm property ownership and property value.

The combined information is processed in the credit model, block 430, which analyzes the information and produces an approval or denial based on the predetermined credit model specifications. If denied, block 440, the process ends and the consumer is notified by mail and e-mail of the negative decision, block 442. If the application is approved, block 450, the new account is opened and the fulfillment process is begun, block 460. In this regard, the line of credit is established and the card is sent to the consumer along with a mortgage note to be executed by the customer, block 470. Upon receipt, the consumer will sign and

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return the note for recording at the local county clerk's office in their respective state, block 480.

In FIG. 4 the equity card is active. During an event 485 an assessment of the AEC is made, block 490, and a determination of whether the event affects the AEC is also made, block 495. Events can be as simple as periodic transactions to purchase goods or services or complex as an adjustment in the equity value of consumer's home if, for example, a major event occurs such as a fire. It is likely, though, that the AEC will be adjusted positively due to fluctuations in the value of real estate in the general area of the home. Moreover, the AEC may increase due to either an increase in property value or a principle debt reduction occurring on the current mortgage(s) in place. However, the AEC may decrease if the property value of the home decreases or the borrower attempts to increase the current mortgage debt on the home. When an event affects the AEC, logic branches to block 500 wherein the AEC for that account is recalculated to include the above mentioned information and the new AEC is stored in accessible memory at block 510. Logic then returns to the main path and block 530 wherein the new AEC is now compared to the withdrawal.

At test 530, the system compares the withdrawal (WDL) pertaining to an inputted value with the then current balance (CB); if in fact, the withdrawal is greater than the CB ("Yes" to test 530), logic branches to alarm, block 540, triggering a warning to the system monitor. Thereafter, logic proceeds to test 550 wherein the system queries whether a credit extension will be permitted. The extension is contingent on the factors mentioned above (Property Value Increase and/or Debt Reduction on Mortgage(s)). If the answer is negative, logic will branch to block 560 disapproving the withdrawal. The information is thereafter transmitted to the credit clearinghouse to limit continued use of the credit card and/or check writing by the participant.

Assuming a positive response to test 530 or a positive response to the extension of credit delineated in test 550, the withdrawal (WDL) is approved by the system, block 570, and transmitted to the credit clearinghouse. In addition, at block 580, the AEC for the account is updated to reflect the transaction that has just been approved and withdrawn. The system thereafter proceeds to test 590, wherein the account and/or transaction is incremented to the next in line and logic is directed to block 600 for the next account transaction.

The preceding discussion related specifically to the qualification and updating of account balance information pursuant to increases and decreases to the AEC. As illustrated, the AEC may increase or decrease based on the changing value of the property (Home), or Principle Debt Reduction/Increase in the Mortgage(s). The withdrawal from the system will reflect individual credit card and/or check writing privileges for each account.

Referring now to FIG. 5, provided is a logic chart of the credit verification and approval process associated with the present invention. The system monitor, block 40, receives the on-line application, block 370. The system monitor, pulls the credit report and history from three established credit sources, FICO(EXPERIAN/TRW), block 290, EMERICA(EQUAFAX), block 290A and BEACON(TRANSUNION), block 290B. Within the system monitor, the credit history is compared and match to the information collected on the application, block 370. The system monitor also pulls the real-estate value analysis, block 295, to compare the stated property value with the information received on the application, block 370. Since each data base is interconnected to the Internet, response time is substantially close to real time. The information and analysis is matched against established credit algorithms, block 220, to produce a line of credit (LOC), block 230, based on the AEC. Based on credit approval and the AEC, a mortgage note, block 240, is sent to the customer and filed with the local state/county office to establish the lien to enable potential tax-deductible financing. The equity card, block 250, is also issued at this time. The consumer

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can use the equity card to secure goods and services from establishments, block 260. The establishments verify the AEC, block 270, and credit purchase to update the line of credit based on the AEC, block 280. The AEC is updated back to equity card, block 250.

5           It is important to note that the line of credit based on the AEC can be updated in real time because of the speed with which information exchange occurs on the Internet. However, in a practice, the line of credit based on the AEC will likely be adjusted in increments typically of thousands of dollars depending upon the AEC. Further, even though the AEC can fluctuate in real  
10       time due the speed of the Internet and to a variety of market factors, the line of credit established based upon the AEC need not be so fluid.

          Moreover, a consumer may not desire to have the line of credit fluctuate with the AEC. For example, in other embodiments of the present invention a consumer may apply for a second or third user of the account, namely for  
15       children or a spouse. If the consumer is the prime user he may wish only to give his college bound child limited spending privileges for a specified time period. In that case any fluctuation in the AEC will not be reflected in the line of credit extended to the secondary user, namely the child in college.

          Referring now to FIG. 6, provided is a logic flow chart depicting another  
20       embodiment of the present invention where a process for producing insurance and mortgage refinancing quotes from the information flow of FIG. 1; this process results in the offering of competitive insurance and mortgage information. The on-line application, block 370, will request information on the customers current home insurance rate and cost, block 790, and current home  
25       mortgage rate and cost, block 795. The system monitor, block 40, takes the information from the application and checks the insurance and mortgage rate against Partner offerings, block 730. The Partner rates and cost are collected from the Partner Rate system, block 720. If the rate is not competitive, block 740, no quote is produced and the system ends, block 750. If per established criteria, a



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competitive rate can be offered, block 760, a quote will be generated, block 770, and forwarded to the customer, block 780.

The above-described arrangement is merely illustrative of the principles of the present invention. Numerous modifications and adaptations thereof will be readily apparent to those skilled in the art without departing from the spirit and scope of the present invention.

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What is claimed is:

1. A data processing system for managing plural accounts providing home equity based credit, comprising:

5 a computer interconnected to a wide area network, said computer including a database comprising plural accounts, said plural accounts establishing home equity based credit for account holders thereof,

10 said computer further comprising input means for collecting account parameters and information in support of equity financing; and

said computer programmed to monitor financing events in each account and adjust account credit access in accordance with said events.

15 2. The system according to claim 1 wherein said computer is further programmed to calculate an available equity capital (AEC) derived from the consumer's credit history and the current appreciation of the home and mortgage payment history less the current mortgage value.

20 3. The system according to claim 1 wherein said computer is further programmed to track the consumer's credit based transactions and update the value of the available equity capital associated with the consumer.

25 4. The system according to claim 3 wherein said computer is further programmed to calculate an incremental interest rate based the updated value of the available equity capital associated with the consumer.

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5. The system according to claim 4 wherein said computer is further programmed to calculate applicable tax deductions associated with said interest rate based the updated value of the available equity capital associated with the consumer.

6. A computer-executable method for providing a line of credit to an owner of real property; the method comprising the steps of:

(a) determining the owner's equity value in the real property; and

(b) using the equity value to secure and provide a line of credit accessible from a credit card;

wherein the credit card provides one or more income tax advantages associated with home equity financing.

7. The computer-executable method of claim 6 wherein step (a) includes the step of receiving one or more financial parameters related to the real property.

8. The computer-executable method of claim 7 wherein the one or more financial parameters are received over the Internet.

9. The computer-executable method of claim 6 wherein the line of credit is secured and provided substantially in real time, without implementing a real property closing process.

10. The computer-executable method of claim 6 wherein the line of credit is implemented as a valuation of secured credit permitting distributed charges in the form of credit card transactions to cover consumer purchases.

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11. A computer-executable method for collateralizing a line of credit to secure a lender against default by an applicant, the method comprising the steps of:

5 (a) obtaining an executed mortgage in favor of the lender from the applicant; and

(b) providing a line of credit to the applicant;

wherein the mortgage is sufficient to secure the line of credit provided to the applicant; and

wherein the applicant accesses the line of credit by means of a credit card.

10 12. A system for providing a line of credit to an owner of real property and comprising:

(a) an input mechanism for receiving one or more financial parameters related to the real property; and

15 (b) a processing mechanism, coupled to the input mechanism, for determining the owner's equity value in the real property, and for using the equity value to secure and provide a line of credit accessible from a credit care;

wherein the credit care provides one or more tax advantages associated with home equity financing.

20 13. The system of claim 12 wherein the input mechanism receives one or more financial parameters over the Internet.

25 14. The system of claim 12 wherein the processing mechanism is adapted to secure and provide the line of credit substantially in real time, without implementing a real property closing process.

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15. The system of claim 12 wherein the line of credit is implemented as a valuation of secured credit permitting distributed charges in the form of credit card transactions to cover consumer purchases.

5 16. A system for collateralizing a line of credit to secure a lender against default by an applicant, the system comprising:

(a) an input mechanism, responsive to the input mechanism, for preparing a mortgage in favor of the lender and for execution by the applicant; and,  
subsequent to execution of the mortgage by the applicant, the processing  
10 mechanism providing a line of credit to the applicant;

wherein the mortgage is sufficient to secure the line of credit provided to the applicant; and

wherein the applicant accesses the line of credit by means of a credit card.

FIG. 1A

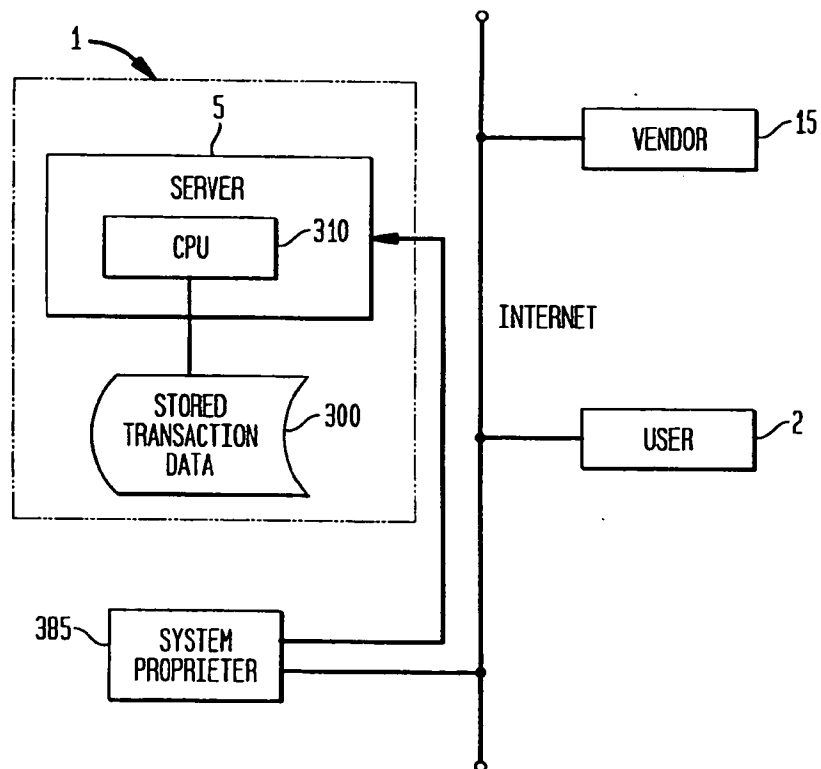


FIG. 1B

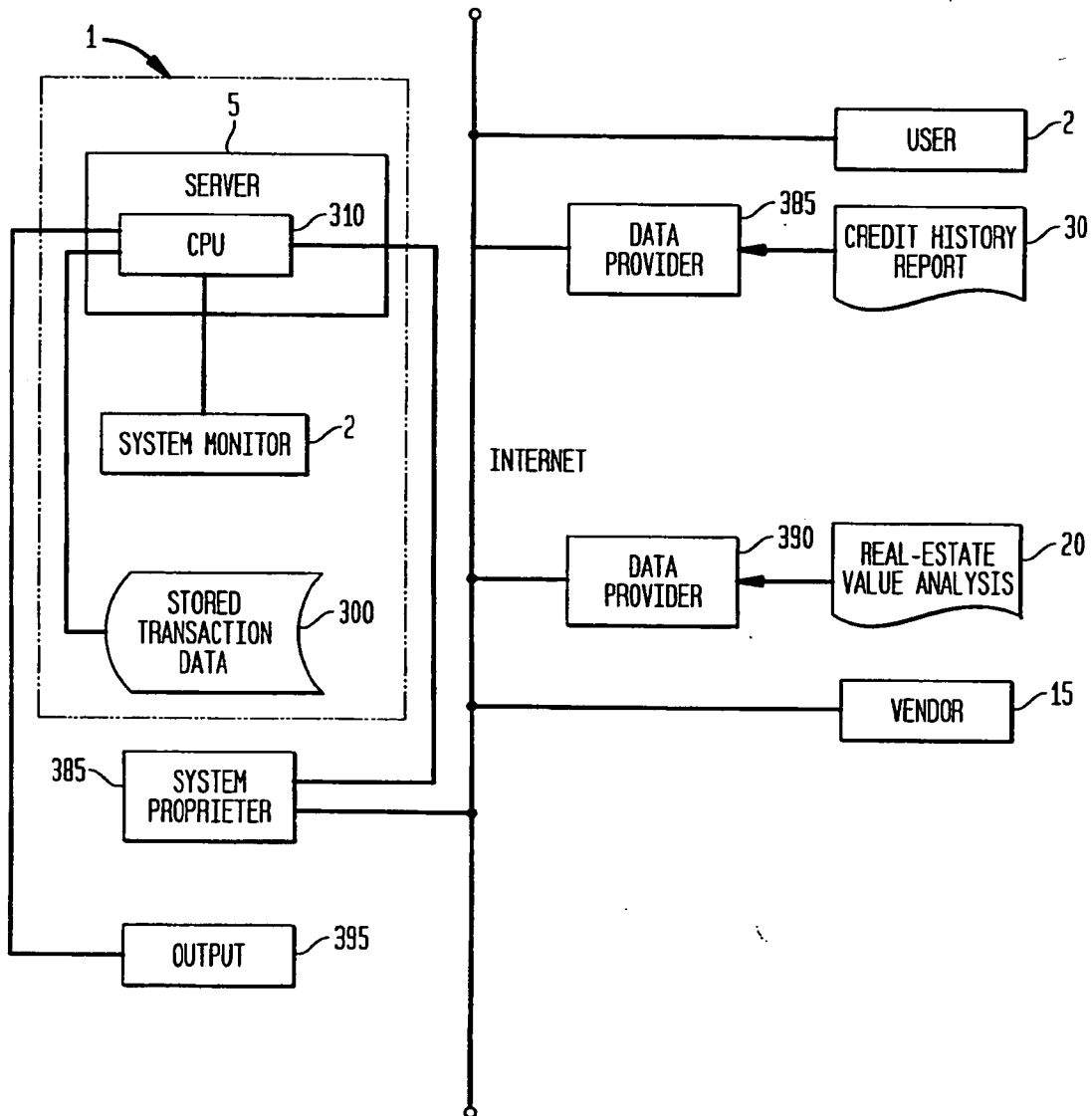
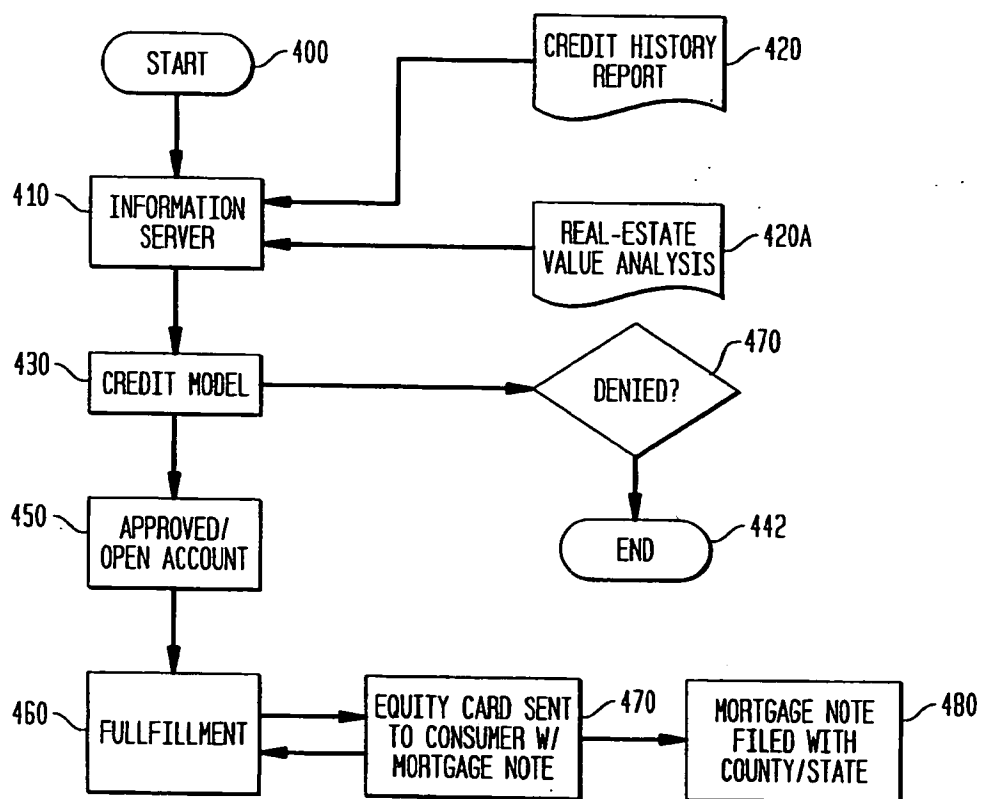


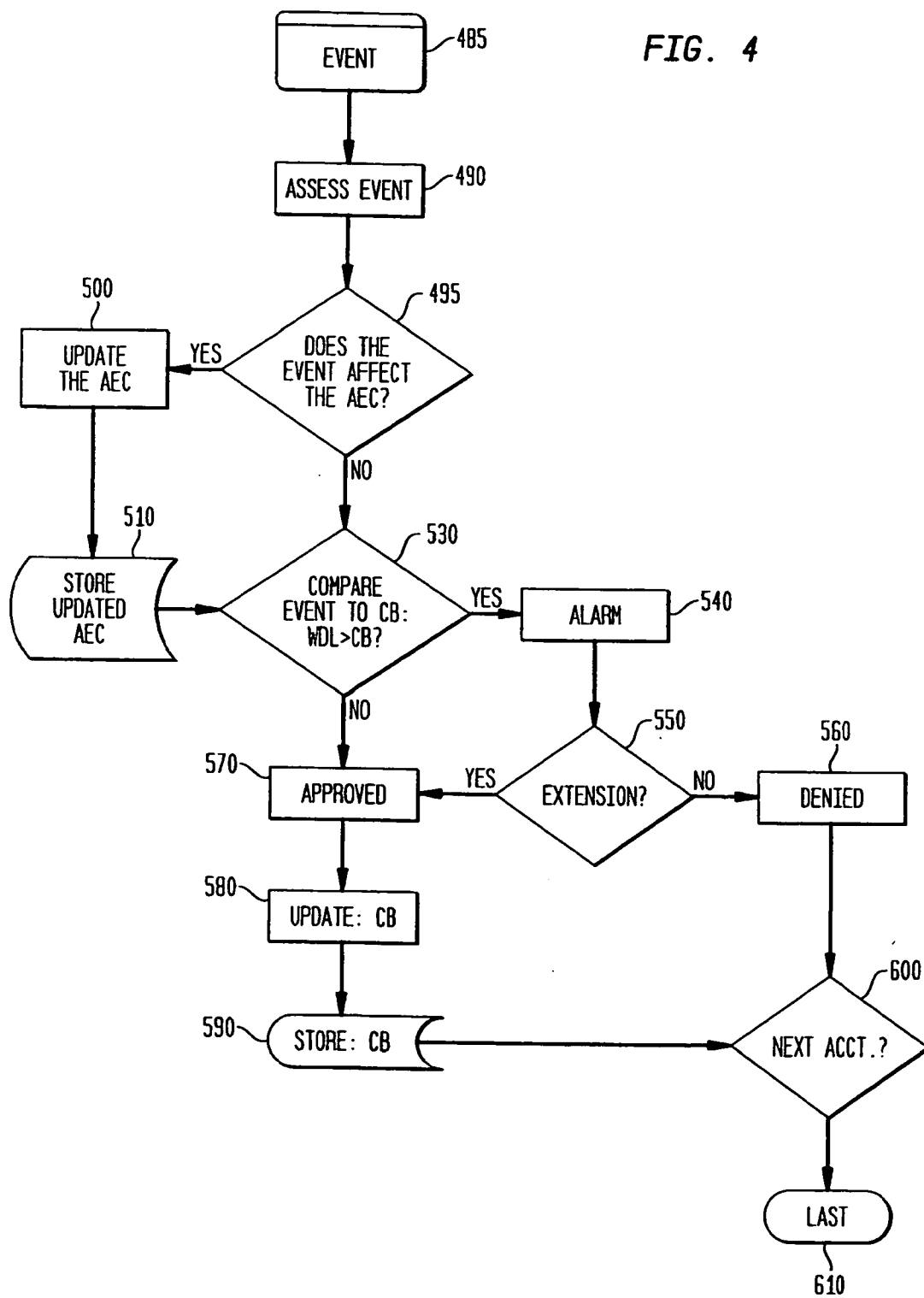
FIG. 3





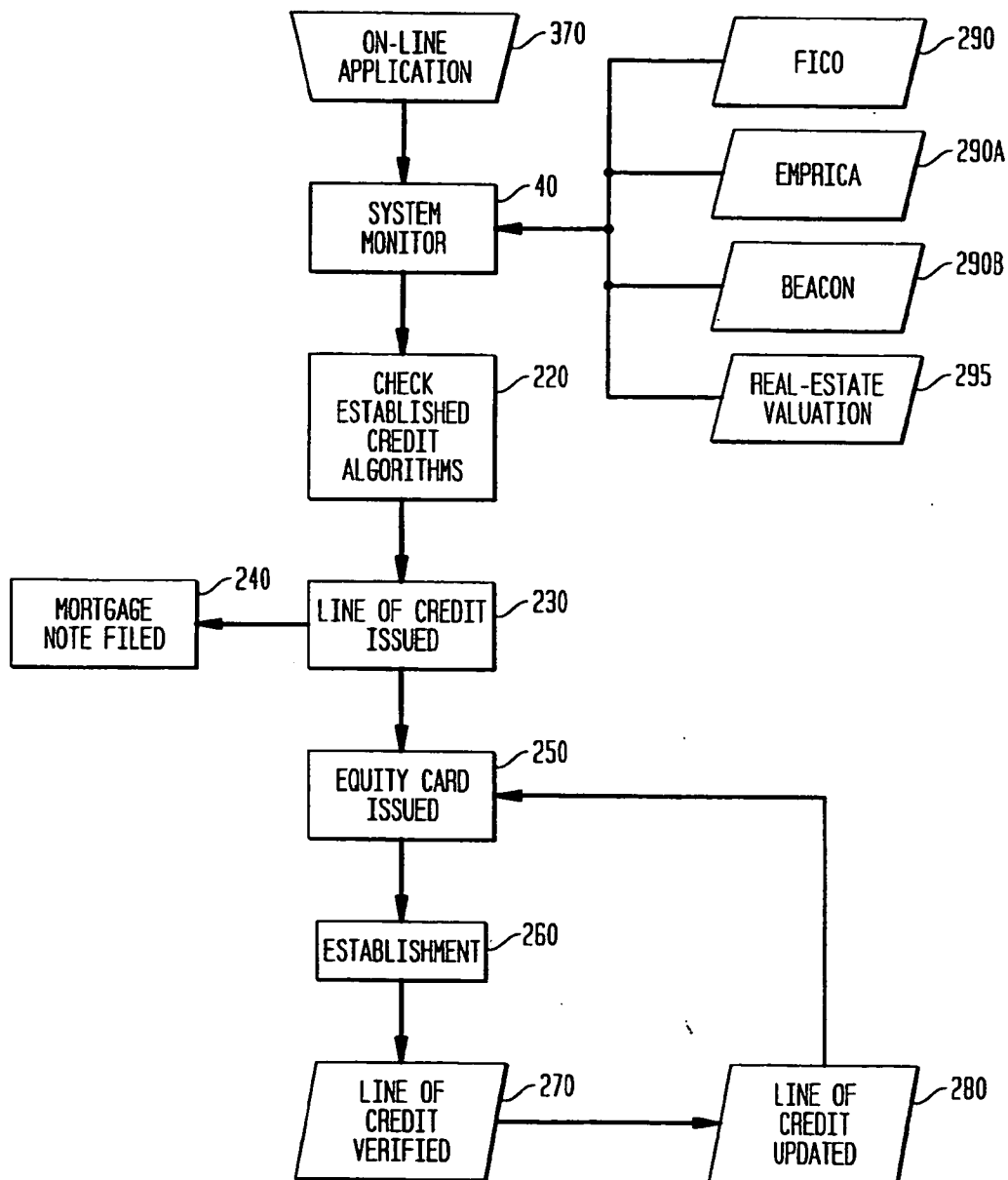
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FIG. 4



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FIG. 5



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FIG. 6

